

1 Andrew H. Wilson
WILSON, RYAN & CAMPILONGO
2 235 Montgomery Street
Suite 450
3 San Francisco, California 94104
(415) 391-3900

4 Laurie J. Bartilson
5 BOWLES & MOXON
6 6255 Sunset Boulevard
Suite 2000
7 Hollywood, California 90028
(213) 661-4030

8 Attorneys for Plaintiff
CHURCH OF SCIENTOLOGY INTERNATIONAL
9

RECEIVED

NOV 27 1992

HUB LAW OFFICES

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 FOR THE COUNTY OF LOS ANGELES

12
13 CHURCH OF SCIENTOLOGY OF)
INTERNATIONAL, a California not-for-profit)
14 religious corporation;)

15 Plaintiff,

16 vs.)

17 GERALD ARMSTRONG and DOES 1)
through 25, inclusive,)

18 Defendants.)
19)
20)

Case No. BC 052395

) PLAINTIFF'S REPLY
) MEMORANDUM IN SUPPORT OF
) MOTION TO STRIKE CROSS
) COMPLAINT AND FOR
) SANCTIONS

) HEARING: November 30, 1992
) DEPT: Dept. 30
) TIME: 8:30 a.m.

) MOTION CUTOFF: None
) DISC. CUTOFF: None
) TRIAL DATE: None

21
22
23
24
25
26
27
28

I.

INTRODUCTION

1
2
3 Once again, the Opposition filed by defendant Gerald Armstrong
4 ("Armstrong") to the Motion to Strike filed by plaintiff Church of Scientology
5 International (plaintiff or "the Church") provides a dramatic demonstration for the
6 Court of precisely the sort of material which plaintiff seeks to remove from the
7 pleadings in this action. Like the 31 paragraphs in Armstrong's 32-page amended
8 cross-complaint which plaintiff seeks to strike, Armstrong's lengthy Opposition is
9 devoted to: (1) an argument, not placed at issue by this motion or, indeed, by any
10 of the pleadings, that Scientology is not "really" a religion; and (2) repetition of
11 inflammatory allegations irrelevant to his claims. Armstrong's opposition is thus
12 like the portions of the amended cross-complaint detailed in the Church's moving
13 papers, in the following respects: (1) both are inflammatory, and thus intended to
14 distract the Court and to create prejudice against the plaintiff; (2) both are
15 irrelevant to any claim for relief presented by Armstrong; and (3) both are
16 interjected to delay the ultimate resolution of this action and prevent the Church
17 from receiving a prompt adjudication of its claim against Armstrong for breach of
18 the settlement agreement.

19 There is no need for Armstrong to present page after page of inflammatory
20 and evidentiary allegations concerning other people, courts or events, merely to
21 allege the non-relevant and discredited claim that the Scientology faith is not a
22 religion. Similarly, Armstrong may not assert an abuse of process claim by
23 pleading the alleged details of events which supposedly happened to other people,
24 or which are so remote in time as to be barred by all applicable statutes of
25 limitations. Such inflammatory allegations are equally irrelevant to Armstrong's
26 request for declaratory relief of his obligations pursuant to the contract.

27 Armstrong asserts that because his cross-complaint has been reduced
28 somewhat in size, he "must have" complied with this Court's earlier order.

1 However, even a cursory review of the amended cross-complaint reveals that
2 rather than amend his cross-complaint to correct the errors clearly identified by the
3 Court for Armstrong's edification, and acknowledged by his attorney to be defects
4 in the pleading, Armstrong has chosen to re-plead matters which are
5 "conclusionary, evidentiary, irrelevant, improper and unnecessarily inflammatory,"
6 Ex. A to Moving Papers, in violation of this Court's order.

7 This is a blatant bid for delay, not a legitimate attempt to obtain redress of a
8 supposed wrong. If Armstrong were capable of making a plain statement of a
9 claim for relief that is cognizable under California law, he would surely have made
10 it. Armstrong has breached the settlement agreement with plaintiff, and he knows
11 it. From the inception of this case, he has done everything he can to delay and
12 avoid a final determination of plaintiff's claim on the merits.¹ This ploy should be
13 rejected by the Court, and the cross-complaint stricken, with no leave to "try
14 again."

15
16 ¹ The delaying tactics employed by Armstrong and his counsel are legion.
17 Although plaintiff began its attempt to obtain a preliminary injunction in this matter
18 on February 4, 1992, Armstrong used repeated delaying tactics to prevent
19 adjudication of that motion until May 27, 1992. The details concerning the tactics
20 used by Armstrong to obtain that delay are described in Exhibit A, Declaration of
21 Laurie J. Bartilson. Most recently, one of Armstrong's lawyers asked this Court to
22 stay proceedings in this case pending Armstrong's appeal of the preliminary
23 injunction order, while the other attorney requested and obtained an extension
24 from the Court of Appeal of the time in which Armstrong may file his opening
25 appellate brief. [Bartilson Dec., para. 10.] Throughout this time period, Armstrong
26 has declared himself free to violate the agreement and court order with impunity,
27 [Ex. B, Deposition of Gerald Armstrong, October 7, 1992, pp. 359 & 379.]
28 Indeed, just last week Armstrong chose to gratuitously disclose information
concerning the settlement agreement, in another violation of its specific terms, to a
reporter interviewing Armstrong on a completely unrelated subject. [Ex. C, Article
from Marin Independent Journal, November 11, 1992.] Armstrong refused to
testify concerning some of this same information under oath in deposition in this
action, claiming that his side agreement with his former lawyer precluded him from
disclosing the amount which he received in settlement to anyone. [Ex. B,
Deposition of Gerald Armstrong, June 24, 1992, pp. 70 - 71.] Obviously,
Armstrong had no such compunctions about disclosing the amount to a reporter.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

II.

**ARMSTRONG HAS NO NEED TO INFECT HIS CROSS-COMPLAINT
WITH VENOMOUS ANTI-RELIGIOUS COMMENTARY**

Armstrong argues, first, that the extraneous allegations contained in his cross-complaint are necessary for him to allege that Scientology is not a religion. His argument fails for three obvious reasons: (1) a plain statement of the desired allegation could easily be made without the rhetoric, histrionics, and relating of irrelevant alleged "history" that consumes three-fourths of his amended cross-complaint; (2) the allegation is in any case unnecessary to any of Armstrong's purported claims for relief; and (3) the religious status of Scientology is so well-established that the Court can and should take judicial notice of that status, if it deems such a question relevant to any matter actually in controversy in this action.²

The amended cross-complaint purports to allege three causes of action against the Church and multiple unserved cross-defendants, all of which arise out of a settlement agreement, the proceeds of which Armstrong accepted in 1986. The claims (for abuse of process, declaratory relief, and breach of contract) have nothing to do with whether or not Scientology is a religion. Armstrong charges that the Church and other defendants violated unidentified portions of the agreement³ and "abused process" by filing papers in other cases which mentioned him. He asks the Court to interpret the settlement agreement for him by

² Armstrong's devotion of three full pages of briefing to this question, not raised by plaintiff's motion, is yet another attempt on Armstrong's part to create prejudice against plaintiff, and thereby avoid the merits of plaintiff's underlying case. This smokescreen can and should be ignored by the Court.

³ There are no specific references to the provisions of the agreement which were allegedly violated because such provisions do not exist. The agreement explicitly does not ascribe any duty to the Church which could have been violated by any of the actions which Armstrong alleges.

1 determining that the consideration obtained by the Church pursuant to the
2 agreement violates public policy, and to tell him that he is free to violate those
3 provisions at will, while retaining all of the proceeds of the agreement. The
4 religious nature of Scientology need not be litigated in order to decide any of the
5 issues presented by these claims. The settlement agreement can and should be
6 interpreted without regard to the religious faith of its signatories.

7 Moreover, even if the Court were to find that there is some issue concerning
8 the religion of Scientology, the venom contained in the amended cross-complaint
9 and directed toward Armstrong's former religion is still unnecessary and irrelevant.
10 Armstrong could have easily alleged that Scientology was not a religion without
11 paragraph after paragraph asserting that "the designation of Cross-defendants as
12 'churches' or religious entities is a sham contrived to exploit the protection of the
13 First Amendment," or charging that the Church uses religion "to justify"
14 unidentified and irrelevant "criminal and tortious acts." Amended Cross-complaint,
15 para. 8.

16 Armstrong's lengthy argument devoted to this claim is more than simply
17 distracting; it contains deliberate misrepresentations of relevant case law and
18 history. Indeed, Armstrong's assertion that "Scientology, over the years, has
19 seized the status of a religion by default, not by merit," Opp.Mem. at 2, could not
20 be farther from the truth. Every court in the country that has examined the matter,
21 including the courts cited by Armstrong, has uniformly recognized that Scientology
22 is a religion. For example:

23 - In Founding Church of Scientology v. United States, 409 F.2d 1146 (D.C.
24 Cir. 1969), cert. denied (1969) 396 U.S. 963, cited by Armstrong as a case
25 detailing the requirements by which a religion will be afforded First Amendment
26 protections, the D.C. Court of Appeals reviewed the bona fides of the Founding
27 Church of Scientology, and concluded that Scientology's

28 fundamental writings contain a general account of man and his nature

1 comparable in scope, if not in content, to those of some recognized
2 religions. The fact that it postulates no deity in the conventional
3 sense does not preclude its status as a religion. ... we conclude that
for purposes of review of the judgment before us [the Church is]
entitled to the protection of the free exercise clause.

4 Id. at 1160.

5 - In United States v. Article or Device (D.D.C. 1971) 333 F.Supp.357,
6 another case relied upon by Armstrong, the district court found that "the Founding
7 Church of Scientology, the principal claimant here, is a bona fide religion and that
8 the auditing practice of Scientology and accounts of it are religious doctrine." 333
9 F.Supp. at 360.

10 - Church of Scientology of California v. Commissioner (1984) 83 T.C. 381,
11 concerned the tax exempt status of the Church of Scientology of California in
12 1971 and 1972. The Church of Scientology International, plaintiff herein, did not
13 even exist until 1982. Moreover, the inflammatory rhetoric in which Armstrong
14 delights was neither adopted nor repeated by the appellate court, which upheld the
15 tax court's ruling on the narrow ground that benefits had, in 1971 and 1972,
16 inured to the benefit of the now-deceased L.Ron Hubbard. In so holding, the Ninth
17 Circuit also found that,

18 During the years in question, the Church of Scientology of
19 California was the "Mother Church" of the many Scientology churches
20 around the country. The Church propagated the Scientology faith, a
21 religion founded by L. Ron Hubbard, through such means as the
indoctrination of laity, training and ordination of ministers, creation of
congregations, and provision of support to affiliated organizations.

22 Scientology teaches that the individual is a spiritual being
23 having a mind and body. Part of the mind, called the "reactive mind"
24 is unconscious and filled with mental images that are frequently the
source of irrational behavior. Through the administration of a process
known as "auditing" a parishioner, called a "pre-clear," is helped to
erase his or her reactive mind and gain spiritual awareness.

25 * * *

26 In addition to auditing and training, the Church provided
27 assistance to prisoners, ex-offenders, the elderly, the mentally ill and
28 drug addicts. On occasion the Church assisted the poor and the sick.
The Church performed christenings, funerals and wedding ceremonies
free of charge, and conducted regular Sunday services. The Church's

1 chaplain provided marriage and family counseling free of charge. The
2 Church also provided free, a specialized form of auditing geared to
help people in crisis.

3 Church of Scientology of California v. Commissioner (9th Cir. 1987) 823 F.2d
4 1310, 1313. Accord, Hernandez v. Commissioner of Internal Revenue (1989) 409
5 U.S. 680, 684-85, 109 S.Ct. 2136.

6 The other cases cited by Armstrong similarly held that Scientology is a
7 religion entitled to the protections of the First Amendment, and, indeed, the list
8 goes on and on.⁴ The truth is that it is beyond dispute that Scientology is a bona
9 fide religion. A detailed description of the Scientology religion is provided in Exhibit
10 D, What is Scientology? The Court's attention is particularly directed to Chapters
11 1 and 2, concerning the background and origins of Scientology; Chapters 4 and 5,
12 describing Scientology theology and religious practice; and Chapter 17, concerning
13 the successful application of the Scientology doctrine by Scientology parishioners.

14 Indeed, this Court in this case has already addressed the religious nature of
15 plaintiff and found it to have religious status. On September 17, 1992, this Court
16 granted the Church's motion to strike Armstrong's punitive damages claims on the
17 ground that they were barred under C.C.P. § 425.14, which forbids such claims
18 against religious corporations.⁵ This Court can and should take judicial notice that

19 _____
20 ⁴ There are more than three dozen such cases. For a representative sampling, see
21 Christofferson v. Church of Scientology of Portland (1982) 57 Or.App. 203, 644
22 P.2d 577, 601, cert. denied (1983) 459 U.S. 1206; Church of Scientology Flag
23 Service Org. v. City of Clearwater (M.D. Fla. 1991) 756 F.Supp. 1498; Barr v.
24 Weise (2d Cir. 1969) 412 F.2d 338, 339-40; Church of Scientology v. Siegelman
(S.D.N.Y. 1979) 475 F.Supp. 950, 954 ("world-wide religious movement");
Church of Scientology of Hawaii v. United States (9th Cir. 1973) 485 F.2d 313;
Neher v. Commissioner of Internal Revenue (6th Cir. 1988) 852 F.2d 848.

25 ⁵ This was far from the first ruling according the Church religious status in this
26 courthouse. In Wollersheim v. Church of Scientology of California, LA Superior
27 Court No. C 332 027, the court granted summary adjudication as to the religiosity
28 of Scientology (Slip Op. of June 16, 1985). Most recently, Judge Flynn took
judicial notice that Scientology is a religion entitled to First Amendment protection
(continued...)

1 Scientology is a religion and that its practices are protected, religious practices; it
2 should not permit Gerald Armstrong to use its files and records as a repository for
3 anti-religious venom.

4 III.

5 **INFLAMMATORY RHETORIC AND IRRELEVANT EVIDENTIARY**

6 **ALLEGATIONS ARE NOT NECESSARY TO PLEAD**

7 **CLAIMS FOR ABUSE OF PROCESS OR DECLARATORY RELIEF**

8 Despite clear directions from this Court, and identification by plaintiff of the
9 portions of the cross-complaint which were unnecessary and improper,
10 Armstrong's amended cross-complaint includes, once again, a myriad of rambling,
11 argumentative, and irrelevant allegations that have nothing to do with his
12 professed claim for "abuse of process." The very allegations that Armstrong lists
13 in his opposing papers as "necessary" to such a claim demonstrate their
14 impropriety. For example:

15 - In paragraph 14, Armstrong alleges that "during the Armstrong I
16 litigation," which was settled in 1986, Armstrong "learned" that "Fair Game acts
17 against Flynn," (not Armstrong) "included attempted murder, theft of private
18 papers, threats against his family, defamation, thirteen frivolous lawsuits, spurious
19 bar complaints, and framing with the forgery of a \$2,000,000 check on a bank
20 account of L. Ron Hubbard." Needless to say, these alleged "Fair Game acts"⁶ are
21 figments of Armstrong's admittedly creative imagination; neither plaintiff nor any

22 _____
23 ⁵(...continued)

24 in Rowe v. Church of Scientology of Orange County, et al., LASC No. BC 038955,
25 Transcript of Proceedings, November 4, 1992, pp. 4-6. (Ex. E.)

26 ⁶ A statement regarding "fair game" was contained in a document which was
27 published in 1965 which said that if a person was expelled from the Church, he
28 could not avail himself of the internal Scientology justice system if he had some
dispute with a church member. (Ex. A, Farny Dec., ¶¶ 3, 4.) The document in
which the phrase appeared was cancelled in 1968, nearly 25 years ago.

1 other Church of Scientology has ever been convicted or even charged with the
2 "crimes" Armstrong wishes to list in his cross-complaint. That, however, is beside
3 the point: regardless of their truth or falsity, such claims of acts against another
4 person which supposedly occurred before 1986 cannot possibly have anything to
5 do with a claim for abuse of process filed by Armstrong in July, 1992.⁷

6 - In paragraphs 24, 26, 27, 29, 37 and 45, Armstrong accuses plaintiff of
7 "delivering documents" or "filing documents" which concerned Armstrong to third
8 parties in 1986 (para. 24), 1987 (paras. 26 and 29), "early 1988" (para. 27),
9 1989 (para. 37) and 1990 (para. 45). None of these alleged events demonstrate
10 an abuse of process; moreover, even if they did, Armstrong is barred by the
11 statute of limitations from raising them in a cross-complaint initiated in 1992.

12 - In most of the remaining paragraphs cited by Armstrong as "relevant" to
13 his abuse of process claim, Armstrong details alleged conversations with his former
14 lawyer and Church lawyers, all of which occurred prior to 1991, asserting that
15 these conversations constituted abuse of process. None of the conversations,
16 even if they occurred as alleged, were an abuse of process as to Armstrong; the
17 details presented are evidentiary rather than statements of ultimate fact; and all of
18 the claimed "wrongs" are barred by the statute of limitations.

19 Armstrong's extraneous allegations are equally unnecessary to state a claim
20 for declaratory relief. No detailed statement of remote alleged "breaches" is
21 needed for Armstrong to state a claim for declaratory adjudication of his future
22 obligations. "Declaratory relief operates prospectively, serving to set controversies
23 at rest . . . there is no basis for declaratory relief where only past wrongs are
24 involved." Baldwin v. Marina City Properties, Inc. (1978) 79 Cal.App.3d 393,
25 407, 145 Cal.Rptr. 406, 414. Here, Armstrong has alleged that the parties

27 ⁷ The governing statute of limitations for abuse of process is 1 year. C.C.P.
28 §340(3); Thornton v. Rhoden (1966) 245 Cal.App.2d 80, 95, 53 Cal.Rptr. 706.

1 disagree as to the terms and conditions of the settlement agreement. The
2 disagreement may easily be stated in a few brief sentences; any relevant evidence
3 which Armstrong wishes to advance concerning his reading of the settlement
4 agreement can be presented at trial.

5 In addition, all of the paragraphs referenced are once again couched in
6 unnecessarily inflammatory and improper terms. No litigant is permitted to make
7 the Court's files a soapbox from which to carry-on a one-man campaign of hatred
8 against an entire religious, ethnic or racial group. See, e.g., Bernstein v. N.V.
9 Nederlandsche-Amerikaansche Stoomvaart-Maatschappij (S.D.N.Y. 1946) 7 F.R.D.
10 63, appeal dismissed, 161 F.2d 733, cert. denied 332 U.S. 771, 68 S.Ct. 84
11 (generalized allegations concerning anti-Semitism in complaint for money had and
12 received ordered stricken).

13 In short, Armstrong's repeated inclusion of unnecessary and deliberately
14 inflammatory allegations in his cross-complaint, after clear instructions from the
15 Court to remove them, is in itself an abuse of the judicial process. (The two
16 essential elements of the tort of abuse of process are "first, an ulterior purpose and
17 second, a wilful act in the use of process not proper in the regular conduct of the
18 proceeding." Templeton Feed and Grain v. Ralston Purina Co. (1968) 69 Cal.2d
19 461, 466, 72 Cal.Rptr. 344, 347. The amended cross-complaint must be stricken,
20 without leave to amend.

21 IV.

22 THE CONDUCT OF ARMSTRONG AND HIS ATTORNEYS

23 WARRANTS THE IMPOSITION OF SANCTIONS

24 Armstrong and his counsel were clearly informed by plaintiff's earlier motion
25 to strike, and the Court's ruling thereon, of what they needed to do in order to
26 correct the errors which saturated their prior pleading. Their second attempt at a
27 cross-complaint has reduced that pleading in size, but has not corrected the errors,
28 and once again fills the Court's files with a poisonous ad hominem attack on

1 plaintiff and its lawyers which is not relevant or necessary to any of the claims
2 Armstrong says he wishes to advance. Armstrong's purpose in this abuse of the
3 judicial system is twofold: he wishes to poison the Court against plaintiff and, at
4 the same time, delay the setting of this case for trial and resolution. Under these
5 circumstances, sanctions are plainly authorized. C.C.P. §128.5(a).

6 V.

7 **CONCLUSION**

8 For all of the foregoing reasons, plaintiff requests that: (1) its motion to
9 strike the cross-complaint be granted, without leave to amend; and (2) sanctions
10 be awarded against Armstrong and his counsel in the amount of \$750.00.

11 Dated: November 24, 1992

Respectfully submitted,

12 BOWLES & MOXON

13
14 By: Laurie J. Bartison
Laurie J. Bartison

15 Attorneys for Plaintiff and
16 Cross-Defendant CHURCH OF SCIENTOLOGY
17 INTERNATIONAL
18
19
20
21
22
23
24
25
26
27
28

1 6. On March 5, 1992, Armstrong filed a Motion to Transfer
2 Case, arguing for the first time that jurisdiction was not proper
3 in his home county of Marin. Armstrong argued that plaintiff
4 should have brought the action in Los Angeles.

5 7. On March 24, 1992, Armstrong prevailed on his motion to
6 transfer the case, and Judge Dufficy ordered that the case be
7 transferred to Los Angeles. However, Judge Dufficy also heard
8 substantial argument on the merits of the injunctive relief which
9 plaintiff seeks, and continued the Temporary Restraining Order in
10 full force and effect until and including May 4, 1992, expressly
11 to permit plaintiff to seek and obtain a preliminary injunction
12 from the Los Angeles Court.

13 8. As a result of these delays, no hearing was held on
14 plaintiff's meritorious motion until May 26, 1992, at which time
15 Judge Sohigian granted the requested injunctive relief.

16 9. Since then, Armstrong avoided or changed the dates of
17 his deposition no fewer than 4 times, and, on appearance, refused
18 to answer scores of relevant questions, which now will inevitably
19 result in motion practice before this Court.

20 10. Most recently, on November 9, 1992, during a status
21 conference, Paul Morantz, one of Armstrong's lawyers, asked this
22 Court to stay proceedings in this case pending Armstrong's appeal
23 of the preliminary injunction order. Two days later, Armstrong's
24 other lawyer, Ford Greene, sought and obtained a 30-day extension

25 ///

26 ///

27 ///

28 ///

1 from the Court of Appeal of the time in which Armstrong may file
2 his opening appellate brief.

3 I declare under the penalty of perjury that the foregoing is
4 true and correct.

5 Executed this 23rd day of November, 1992 at Los Angeles,
6 California.

7
8 
9 LAURIE J. BARTILSON

10
11
12
13 H:\ARMSTRON\BART6.DEC
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT B

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN AND FOR THE SUPERIOR COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

--oOo--

CHURCH OF SCIENTOLOGY
INTERNATIONAL, a California
not-for-profit religious
corporation,

Plaintiff,

vs.

Case No. BC 052395

GERALD ARMSTRONG; DOES 1
through 25, inclusive,

Defendants.

_____ /

DEPOSITION OF
GERALD ARMSTRONG

Wednesday, June 24, 1992

REPORTED BY: SUSAN M. SKIGEN, CSR #5829

1 Q. Who was that?

2 A. Michael Walton.

3 Q. Are there any other lawyers that you
4 discussed the settlement agreement with?

5 A. No.

6 Q. Michael Walton, Julia Dragojevich and Mr.
7 Flynn; is that accurate?

8 A. What is accurate?

9 Q. That you had discussions about settlement
10 with?

11 A. I don't believe that I had a settlement or
12 a discussion about the terms of the settlement agreement
13 with Julia Dragojevich. No, I did at a time, I did.

14 Q. And this was before the settlement
15 agreement was signed?

16 A. With Julia, I believe it was after.

17 Q. Now, were you aware of the general terms of
18 the settlement prior to the time you flew to Los
19 Angeles?

20 A. No.

21 Q. And I take it, then, that you just became
22 aware of those terms when you, in fact, got to Los
23 Angeles?

24 A. I had not seen one word until I got to L.A.

25 Q. I understand that, but were you aware of

1 the general terms as opposed to the specific language
2 that was contained in the agreement?

3 A. Only in that Mr. Flynn and I had arrived at
4 a figure, so I was aware of that.

5 Q. And what was that figure?

6 A. I am not --

7 MR. GREENE: Same instruction.

8 THE WITNESS: -- permitted to discuss that.

9 MR. GREENE: Don't answer the question,
10 attorney-client privilege.

11 MR. WILSON: Q. In fact, how much money
12 did you receive from the settlement, Mr. Armstrong?

13 A. I am not permitted to discuss that.

14 Q. Because of what?

15 A. Because of agreements which I will honor.

16 Q. And those agreements are between you and
17 who?

18 A. Mr. Flynn.

19 Q. So between you and Mr. Flynn you agreed not
20 to disclose that amount?

21 A. Right, and I have not.

22 Q. So in addition to the discussion or the
23 agreement about the amount you were going to get, were
24 you aware of any of the other terms of the settlement
25 agreement?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF MARIN

--oOo--

CHURCH OF SCIENTOLOGY)
INTERNATIONAL, a California)
not-for-profit religious)
corporation,)
)
Plaintiff,)
)
vs.)
)
GERALD ARMSTRONG; DOES 1-25,)
inclusive,)
)
Defendants.)
)

**CERTIFIED
COPY**

No. BC 052395

DEPOSITION OF
GERALD ARMSTRONG

Volume III

October 7, 1992

REPORTED BY: LARRY BOSTOW, CSR# 5941

1 you don't recall?

2 MR. GREENE: Don't answer the question.
3 Calls for speculation. You've already answered it; it is
4 asked and answered also.

5 MS. BARTILSON: Q. Do you recall any
6 other -- Forget that.

7 You said that you discussed with Mr. Horne
8 the effect of the settlement agreement.

9 Do you recall specifically anything you said
10 to Mr. Horne concerning that?

11 A. Not specifically.

12 Q. Do you recall in general anything that you
13 said to Mr. Horne concerning that?

14 A. Generally, that they obstruct justice, that
15 they are illegal, that I have a right to speak out
16 against them, to divulge the contents, which I see as an
17 obstruction of justice and illegal, and that I have a
18 right to correct the injustices wrought by those rotten
19 agreements.

20 Q. Good pun, Gerry.

21 And you also said that you discussed with
22 him what it would take to end the organization's legal
23 troubles.

24 Can you recall anything specific that you
25 discussed with him concerning that?

1 A. Yes.

2 Q. Did you call him, or did he call you?

3 A. I believe I originated the conversation.

4 Q. What did he say to you, and what did you say
5 to him, during that conversation?

6 A. I believe I advised him of the Sohigian
7 ruling.

8 Q. Did you discuss anything else with him?

9 A. I think it was -- That's all that I recall
10 being the subject of discussion at that time.

11 Q. Did you tell him that as a result of the
12 Sohigian ruling, you now felt that you were more free to
13 do things that you had been constrained about doing
14 before?

15 A. No, I never said that. Because I did not
16 feel I was constrained before. But rather that by
17 specifically denying the injunction as to all of those
18 things which the organization sought in the preliminary
19 injunction, that I was free from the potential of an
20 injunction.

21 Q. Okay. Did you have another conversation
22 with Mr. Welkos or Mr. Sappell after that one?

23 A. Yes.

24 Q. When was that?

25 A. Perhaps two months ago.

EXHIBIT C



IJ photo/Frankie Frost

CASH CRITIC: Gerald Armstrong of San Anselmo reflects on how the world would be a better place without money

Is money the root of problems?

Critic of cash, credit urges monetary abolition

By Richard Polito

Independent Journal reporter

Gerald Armstrong has an idea for dealing with the national debt — write it off. Forget it. It doesn't exist.

It's that easy.

The novel prescription for fixing the fiscal fiasco is only part of Armstrong's larger message that money should be abolished. No more pay checks, no more loan payments, no more taxes, and forget that \$20 you owed your brother-in-law.

Bank presidents would clean up litter. Donald Trump could get a real job. The Financial District would be a ghost town with marble lobbies — and lots of parking.

And it all starts today.

In a rare moment of realism, Armstrong admits today's deadline "is probably not going to be achieved."

Renouncing cash, credit

Armstrong, self-proclaimed founder of the Organization of United Renunciants, set the date for people who have taken his "pledge of renunciation" to stop using money. Fellow renunciants will renounce all cash and credit, stop taking money, stop paying with money, forgive all their debts and stop keeping financial records.

The critic of credit has already put his money where his doubts are. He gave it all away. And it was more than pocket change.

Armstrong won an \$800,000 settlement in a harassment suit against the Church of Scientology six years ago. Once a member of the inner circle, he is now a vocal critic.

Armstrong doesn't expect everyone to buy in from the start, just "somewhere between 1 and 11 percent."

He's a tad short. Armstrong can count only a handful of friends as converts, but he is trying to get the word out. Detailed proposals have gone out to Bill Clinton, Ross Perot and Pete Wilson (no one has tapped him for an economic advisory post just yet.) He has also written to the New York Times and other mega-media.

Ted Koppel has not called.

Money considered valueless

Armstrong is not discouraged.

The monetary messiah insists there is much about daily life that will not change. People will still go to work, shop at the market and pick out a new car every few years. They just wouldn't exchange any money along the way.

Money, in Armstrong's eyes, has no value and the existence of money has created entire industries that do nothing more than transfer mythical essences of value from one account to another.

In Armstrong's cashless Utopia, there would be total employment because people could do jobs they wanted to do and companies could employ more workers because they would not have to pay them. Farmers would still farm. Autoworkers would still make cars. Sewer workers would still shovel sludge.

And Disneyland would no longer charge admission.

1 Andrew H. Wilson
WILSON, RYAN & CAMPIILONGO
2 235 Montgomery Street
Suite 450
3 San Francisco, California 94104
(415) 391-3900

4 Laurie J. Bartilson
Karen D. Holly
5 BOWLES & MOXON
6 6255 Sunset Boulevard, Suite 2000
Los Angeles, CA 90028
7 (213) 661-4030

8 Attorneys for Plaintiff
CHURCH OF SCIENTOLOGY INTERNATIONAL

9
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 FOR THE COUNTY OF LOS ANGELES

12 CHURCH OF SCIENTOLOGY	)	CASE NO. BC 052395
INTERNATIONAL, a California)	
not-for-profit religious	)	EXHIBIT D IN SUPPORT OF
corporation;	)	PLAINTIFF'S REPLY
	)	MEMORANDUM IN SUPPORT OF
14 Plaintiff,	)	MOTION TO STRIKE CROSS
	)	COMPLAINT AND FOR
15 vs.	)	SANCTIONS
)	
16 GERALD ARMSTRONG and DOES 1	)	[BOOK: <u>WHAT IS SCIENTOLOGY?</u>
through 25, inclusive,	)	SUBMITTED UNDER SEPARATE
	)	COVER]
17 Defendants.)	
	)	DATE: November 30, 1992
18	)	TIME: 8:30 a.m.
19	)	DEPT: 30
)	
20	)	DISCOVERY CUTOFF: None
	)	MOTION CUTOFF: None
21	)	TRIAL DATE: None
22)	
23)	
24)	
25)	
26)	
27)	
28)	

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

DEPARTMENT 24

HON. PAUL G. FLYNN, JUDGE

DEE & GLOVER S. ROWE,

PLAINTIFFS,

VS.

CHURCH OF SCIENTOLOGY OF ORANGE COUNTY,
ET AL

DEFENDANTS.

BC 038955

REPORTER'S TRANSCRIPT

WEDNESDAY, NOVEMBER 4, 1992

APPEARANCES:

FOR PLAINTIFFS:

TOBY L. PLEVIN AND
MICHAEL M. BARANOF,
ATTORNEYS AT LAW
10700 SANTA MONICA BLVD #4300
LOS ANGELES, CALIFORNIA 90025

FOR DEFENDANTS:

BOWLES & MOXON
BY: LAURIE BARTILSON AND,
KENDRICK MOXON
ATTORNEYS AT LAW
6255 SUNSET BLVD.
LOS ANGELES, CALIFORNIA 90028

COPY

WANDA L. MOORE, CSR#2035
OFFICIAL REPORTER

1 OF THE CAUSES OF ACTION IN THE PLAINTIFFS COMPLAINT ARE
2 DISMISSED HERE TODAY, THEN ALL THAT WILL GO FORWARD IS
3 THE CROSS-COMPLAINTS AND THERE IS NO IMPEDIMENT TO THAT
4 GOING FORWARD ON THE 7TH.

5 THE COURT: ALL RIGHT. LET ME JUST -- WE HAVE
6 GOT FIVE SUMMARY JUDGMENT MOTIONS?

7 THE COURT HAS DONE LOTS AND LOTS OF READING.
8 I DON'T THINK I COULD READ ANOTHER WORLD AFTER READING
9 THE MATERIALS THAT HAVE BEEN PRESENTED.

10 I MUST ADMIT I HAVE NOT READ EVERY CASE
11 THAT WAS CITED IN THE DEFENDANT'S PLEADING WHICH
12 CONTAINED OUT OF STATE AND OTHER AUTHORITIES WHICH WAS
13 SOME THREE OR FOUR INCHES THICK. NOR HAVE I READ ALL
14 THE BOOKS BUT I HAVE GONE THROUGH THE BOOKS. I JUST
15 HAVEN'T READ EVERY WORD OF THE BOOKS.

16 WHY DON'T WE START AND I WILL TRY -- I WILL
17 TRY TO HAVE ALL OF THE MOTIONS HEARD TODAY. PROBABLY
18 THE ONE THAT SHOULD GO FORTH FIRST IS THE ONE THAT WOULD
19 BE DISPOSITIVE. AND THAT IS THE MOTION FOR SUMMARY
20 ADJUDICATION OF ISSUES AS TO THE FIRST AND SIXTH CAUSES
21 OF ACTION. AND THE MOTION FOR SUMMARY JUDGMENTS OR
22 SUMMARY ADJUDICATION OF ISSUES AS TO THE ENTIRE
23 COMPLAINT BASED UPON THE FIRST AMENDMENTS ARGUMENTS.

24 COUNSEL AGREE THAT THAT MIGHT BE THE
25 APPROPRIATE PLACE TO START?

26 MS. PLEVIN: YES, YOUR HONOR.

27 MS. BARTILSON: FINE, YOUR HONOR.

28 THE COURT: THE MOTION FOR SUMMARY ADJUDICATION

1 OF ISSUES WAS FILED BY THE CHURCH OF SCIENTOLOGY OF
2 ORANGE COUNTY AND IT RELATES TO THE FIRST CAUSE OF
3 ACTION FOR FRAUD AND THE SIXTH CAUSE OF ACTION FOR
4 EMOTIONAL DISTRESS.

5 ASSERTING FIRST AMENDMENT ARGUMENTS WHICH,
6 IF THE COURT HONORED THEM AND AGREED WITH THE MOVING
7 PARTIES POSITION, WOULD BAR ANY ACTIONS BY THE
8 PLAINTIFFS FOR FRAUD AND EMOTIONAL DISTRESS CLAIMS BASED
9 UPON THE THEORY THE CLAIM IS NOT JUSTICIABLE BECAUSE OF
10 THE FIRST AMENDMENT RIGHT OF THE CHURCH OF SCIENTOLOGY
11 AS A RELIGION.

12 I'VE READ THE MOVING PAPERS AND THE
13 RESPONDING PARTY'S PAPERS, THE CONCOMITANT MOTION FILED
14 BY THE CHURCH OF SCIENTOLOGY OF ORANGE COUNTY AND CHURCH
15 OF SCIENTOLOGY INTERNATIONAL IS A MOTION FOR SUMMARY
16 JUDGMENT OR SUMMARY ADJUDICATION OF ISSUES AS TO ALL OF
17 THE CLAIMS FILED BY THE PLAINTIFFS BASED UPON THE FIRST
18 AMENDMENT ARGUMENTS THAT THE CHURCH HAS PRESENTED.

19 SINCE THE LEGAL THEORIES SEEM TO BE SIMILAR
20 AS TO BOTH MOTIONS, I WOULD LIKE TO HEAR ARGUMENT ON
21 THOSE MOTIONS TOGETHER. THE COURT IS WELL AWARE OF THE
22 FACT AND I AM JUST STATING THESE COMMENTS SO THAT YOU
23 CAN FOCUS YOUR ARGUMENT.

24 THE COURT IS AWARE OF THE FACT THAT THE
25 CHURCH IS A RECOGNIZED CHURCH AND IS ENTITLED TO
26 PROTECTION. SO THE PROTECTIONS AFFORDED BY THE FIRST
27 AMENDMENT AND THE ONLY QUESTION IS WHETHER THE CONDUCT
28 ALLEGED IN THE COMPLAINT REALLY CONSTITUTES RELIGIOUS

1 BELIEF OR RELIGIOUS CONDUCT THAT CAN BE DEEMED PROTECTED
2 UNDER THE FIRST AMENDMENT. AND I KNOW THERE IS A
3 DISPUTE THERE.

4 SO I WILL HEAR FROM YOU, MISS BARTILSON,
5 DID YOU WANT TO ARGUE THIS ISSUE?

6 MS. BARTILSON: YES, YOUR HONOR, I DO, AND I
7 GUESS I APPRECIATE YOUR HONOR'S COMMENTS CONCERNING THE
8 SCIENTOLOGY RELIGION. I WILL PUT THAT PARTICULAR ISSUE
9 TO BED. I WON'T ADDRESS IT AT ALL.

10 THE COURT: I DON'T HAVE ANY DISPUTE THERE.

11 MS. BARTILSON: I GUESS THE CORNERSTONE FOR THE
12 ANALYSIS THAT WE HAVE TO DO TODAY REALLY IS THE
13 CONTROLLING FIRST AMENDMENT PRINCIPLES ARE WHEN THE
14 IMPOSITION OF LIABILITY WOULD RESULT IN THE ABRIDGMENT
15 OF THE RIGHT TO FREE EXERCISE OF RELIGIOUS BELIEFS
16 RECOVERY IS BARRED.

17 PAUL VERSUS WATCHTOWER AND I THINK THAT'S
18 THE KEY CASE THAT IN BALLARD HERESY TRIALS ARE FORBIDDEN
19 BY OUR FIRST AMENDMENT OF THE CONSTITUTION. I HAVE THAT
20 WE HAVE TO LOOK NOT AT WHAT'S ALLEGED IN THE COMPLAINT
21 BUT BECAUSE IT'S A SUMMARY JUDGMENT, AT WHAT THE
22 EVIDENCE IS BEFORE WE CAN DECIDE WHETHER WE CAN MOVE
23 FORWARD TO TRIAL.

24 THAT'S WHAT I HAVE TRIED FOCUS ON IN THE
25 PAPERS AND THAT'S WHAT I WOULD LIKE TO FOCUS ON A LITTLE
26 BIT, IS GO THROUGH THE DIFFERENT CAUSES OF ACTION AND
27 LOOK AT WHAT THE ACTUAL EVIDENCE IS TO SUPPORT THE
28 CLAIM. AND THEN SAY, CAN THIS CLAIM REALLY BE DECIDED

1 game" had not even the slightest resemblance to the wild
2 accusations made by Armstrong. It meant simply that an
3 individual so labelled was not entitled to the protection of the
4 Scientology system of justice. In this regard it is similar to
5 the Old English concept of "outlaw" which was "one who is put
6 out of the protection or aid of the law." (Black's Law
7 Dictionary, Rev. Fourth Edition, pg. 1255).

8 5. The Scientology ethics and justice system is a
9 privilege and benefit for Scientologists. Scientologists can
10 and do avail themselves of the Scientology ethics and justice
11 system as it is inexpensive, swift, sane, accurate and based
12 solely on getting to the truth. One is judged by a committee
13 of his peers whose only task is to get to the truth of disputes
14 between Scientologists. Scientology justice committees do not
15 punish, they only get to the truth and attempt to rectify
16 injustices. The system is based on trust, and because
17 Scientology is predicated on truth and honesty, no Scientologist
18 in good standing would even think of lying in such a proceeding
19 or attempt to derail and misdirect a proceeding through false
20 and inflammatory testimony such as one sees in civil cases in
21 every courthouse.

22 6. One of the fundamental discoveries of L. Ron Hubbard
23 is that man is basically good. As an individual becomes more
24 aware and able through the application of Scientology religious
25 technology, he becomes more honest, ethical, and interested in
26 helping others. This is why Scientologists become the most
27 valued members of society as they advance in Scientology.
28 L. Ron Hubbard developed a system of ethics and justice which

1 is based on this bedrock principle. The Scientology ethics and
2 justice system is built on the premise that honesty and
3 integrity are essential to happiness and survival.

4 7. Scientologists consider this ethics and justice system
5 a major benefit derived from membership in the Church. To
6 expel a person from Church membership and thereby withdraw the
7 protection and availability of the Church's ethics and justice
8 system is the harshest penalty in the Scientology religion.
9 Even then, however, because Scientologists believe that man is
10 basically good, the door is always left open for that person to
11 return to Church membership.

12 8. The reference to a person being "fair game" is a
13 direct reference to what individuals who cannot have access to
14 the Scientology justice system are likely to receive at the
15 hands of the justice systems extant in society. Compared to
16 Scientology ethics and justice procedures, lay justice
17 proceedings are, in fact, barbaric.

18 9. Contrary to the allegations made by Armstrong, the
19 basic values of honesty and integrity are the bedrock upon which
20 Scientologists build their lives and upon which any individual
21 must so build if he is to live happily and in harmony with his
22 fellows. These values are emphasized throughout Church
23 scriptures and, indeed, Scientologists are among the most honest
24 and ethical people in the world today.

25 10. The scriptures of Scientology are replete with
26 admonitions to its adherents to build their lives on the
27 foundations of honesty and integrity. As Mr. Hubbard stated

28 ///

1 in a technical bulletin titled " Auditor's¹/ Rights
2 Modified," written in 1972: "The road to truth is begun with
3 honesty." This is a road that all Scientologists, by
4 definition, consider that they are following.

5 11. In a book originally published in 1951, Mr. Hubbard
6 explained why maintaining high ethical standards is so
7 important, not just to Scientologists, but to everyone:

8 Thus, dishonest conduct is nonsurvival. . . . The
9 keeping of one's word, when it has been sacredly
pledged, is an act of survival, since one is then
trusted, but only so long as one keep's one's word.

10 To the weak, to the cowardly, to the reprehensibly
11 irrational, dishonesty and underhanded dealings, the
12 harming of others and the blighting of their hopes
13 seem to be the only way of conducting life. Unethical
14 conduct is actually the conduct of destruction and
fear; lies are told because one is afraid of the
consequences should one tell the truth; thus, the
liar is inevitably a coward, the coward is inevitably
a liar.

15 L. Ron Hubbard, Science of Survival, at 142-143 (1989 Ed.).

16 12. The subject of honesty and ethical behavior
17 permeated Mr. Hubbard's writings throughout the years. In a
18 1960 issue entitled "Honest People Have Rights, Too,"
19 Mr. Hubbard stated:

20 Individual rights were not originated to protect
21 criminals but to bring freedom to honest men.
22 Into this area of protection then dived those who
needed "freedom" and "individual liberty" to cover
their own questionable activities.

23 Freedom is for honest people. No man who is not
24 himself honest can be free--he is his own trap.
25 When his own deeds cannot be disclosed then he is a
26 prisoner; he must withhold himself from his fellows
and is a slave to his own conscience. Freedom must
be deserved before any freedom is possible.

27 1) An "auditor" is a Scientology minister who counsels
28 parishioners. The term is derived from a Latin term meaning
one who listens.

* * *

1
2 Freedom for Man does not mean freedom to injure Man.
3 Freedom of speech does not mean freedom to harm by lies.
4 To preserve that freedom one must not permit men to hide
5 their evil intentions under the protection of that
6 freedom. To be free a man must be honest with himself and
7 with his fellows. If a man uses his own honesty to
8 protest the unmasking of dishonesty, then that man is an
9 enemy of his own freedom.

10
11 Technical bulletin, 8 February 1960, "Honest People Have
12 Rights, Too." Mr. Hubbard ended this bulletin with the
13 reminder that:

14 "On the day when we can fully trust each other, there
15 will be peace on Earth. Don't stand in the road of
16 that freedom. Be free, yourself."

17 Id.

18 I declare under penalty of perjury under the laws of the
19 State of California that the foregoing is true and correct.
20 Executed in the State of California, the 24th day of November,
21 1992.

22
23
24
25
26
27
28

Lynn R. Farny

PROOF OF SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Blvd., Suite 2000, Hollywood, California 90028.

On November 24, 1992, I served the foregoing document described as PLAINTIFF'S REPLY MEMORANDUM IN SUPPORT OF MOTION TO STRIKE CROSS COMPLAINT AND FOR SANCTIONS on interested parties in this action by

- [] by placing the true copies thereof in sealed envelopes as stated on the attached mailing list;
- [X] by placing [] the original [X] a true copy thereof in sealed envelopes addressed as follows:

Paul Morantz **BY HAND**
P.O. Box 511
Pacific Palisades, CA 90272

- [] BY MAIL
 - [] *I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.
 - [] As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

Executed on _____, 1992, at Los Angeles, California.

- [X] *(BY PERSONAL SERVICE) I delivered such envelope by

hand to the offices of the addressee.

Executed on November 24, 1992, at Los Angeles, California.

(State) I declare under penalty of the laws of the State of California that the above is true and correct.

(Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Type or Print Name

Signature

* (By Mail, signature must be of person depositing envelope in mail slot, box or bag)

** (For personal service signature must be that of messenger)

PROOF OF SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Blvd., Suite 2000, Hollywood, California 90028.

On November 24, 1992, I served the foregoing document described as PLAINTIFF'S REPLY MEMORANDUM IN SUPPORT OF MOTION TO STRIKE CROSS COMPLAINT AND FOR SANCTIONS on interested parties in this action by

- [] by placing the true copies thereof in sealed envelopes as stated on the attached mailing list;
- [X] by placing [] the original [X] a true copy thereof in sealed envelopes addressed as follows:

Ford Greene **BY TELEFAX & U.S. MAIL**
HUB Law Offices
711 Sir Francis Drake Boulevard
San Anselmo, CA 9490-1949

- [X] BY MAIL
 - [] *I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.
 - [X] As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

Executed on November 24, 1992, at Los Angeles, California.

[] **** (BY PERSONAL SERVICE)** I delivered such envelope by hand to the offices of the addressee.

Executed on _____, 1992, at Los Angeles, California.

[X] (State) I declare under penalty of the laws of the State of California that the above is true and correct.

[] (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Type or Print Name

Signature

* (By Mail, signature must be of person depositing envelope in mail slot, box or bag)

** (For personal service signature must be that of messenger)